

Regulation No.	16
Review No.	01
Entry into Effect Date	21.11.2012

CORPORATE GOVERNANCE COMMITTEE REGULATION

1-PURPOSE

The purpose of this regulation is to set duties, authorities, responsibilities and working procedures and principles of the Corporate Governance Committee ("Committee"), in accordance with the corporate governance regulations of the Capital Markets Boards. The Corporate Governance Committee has been set up with the resolution of the Board of Directors at 29/06/2012(resolution no 9148) in order to aid the Ereğli Demir and Çelik Fabrikaları T.A.Ş.'s ("Company") Board of Directors to fulfill their duties and responsibilities.

With respect to the Company's Board of Directors structure and the resolution of the Board of Directors in 29/06/2012 (resolution no 9148) Corporate Governance Committee also fulfills the duties, authority's and responsibilities of the Nominating Committee and Remuneration Committee.

The Committee's purpose is to monitor the structure and effectiveness of the Board of Directors within the Corporate Governance Principles. Also, the Committee carries out studies to improve the structure and productivity of the Board of Directors and gives advice to the Board of Directors.

2-AUTHORIZATION AND SCOPE

The Committee to create some part of the administration and supervision process within the above mentioned foreseen purpose;

-Help the company about developing and improving the Corporate Governance Principles and in this context make recommendations to the Board of Directors. To establish whether Corporate Governance Principles are being applied in the company and if the Corporate Governance Principles are not applying in the company to determine the reasons why the Corporate Governance Principles are not applying in the company as well as the arising conflicts of interest for any non-compliance and make recommendations to the Board of Directors to improve Corporate Governance Practices,

-To oversee the activities of the Investor Relations Department,

-To establish a transparent system to determine, assess and train suitable candidates for the Board of Directors and to carry out studies to set relevant policies and strategies about this topic,

-To perform periodic reviews in regards to the structure and effectiveness of the Board of Directors and to provide recommendations for improvement to the Board of Directors,

-The determine the approaches, principles, and practices in regards to the performance evaluation and career planning of members of the Board of Directors and top management and to oversee these matters,

-To provide Board of Directors with recommendations, by taking into consideration of long-term objectives of the company, in regards to remuneration of the Board Members and Senior management,

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Committee acts under its authority and responsibility; however, final decision liability is held by the Board of Directors,

If something is going to be changed in this regulation, the Committee submits a proposition about the change in this regulation to the Board of Directors,

3-STRUCTURE OF THE COMMITTEE

Corporate Governance Committee is designated for a period of 1 year by the Board of Directors, and the majority of The Committee members must be a Board Member. If the Committee is made up by two members, both members of The Committee must be elected from the Independent Board Members. If it is made up of more than two members, the majority of the members must be elected from among the non-executive members of the Board of Directors. The CEO/General Manager of the company cannot be a member of the committee. The Committee Chairman is elected within the Independent Board Members.

In case of any vacancy, the Committee can choose a Deputy Chairman to cover for the Chairman of the Committee.

The Committee can use the services of independent consultants or companies during its work when and if it deems necessary. The costs of such consultant services used by the Committee are borne by company. The Committee may invite relevant managers to its meetings and take their opinion.

The Committee is responsible to the Board of Directors.

4-COMMITTEE MEETINGS

To ensure that the Committee works efficiently it convenes once in every 3 months, and the meetings are take place within the similar dates of Board Meetings.

However, the Committee can meet as frequently as required for efficient work of the Committee.

The Board of Directors provides all of the resources and support needed by the Committee to carry out its duties. The Committee Chairman or the Committee member can summon the Committee. The Committee meeting will be held according to agenda which will be distributed by the secretariat. The minutes of the meetings are to put into writing by secretariat and then archived. After every Meeting the Committee submits a report about its activities with the summary of the minutes of the meeting to the Board of Directors. The secretariat is responsible for keeping the reports. The Committee can meet by teleconference or different ways as it deems necessary.

The quorum for passing resolutions is the absolute majority of the members.

Each year the Committee carries out an evaluation about its aims, duties, and performance and informs the Board of Directors about the results of this evaluation.

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5- DUTIES AND RESPONSIBILITIES

- The Committee ensures that the Board of Directors is briefed about the topics regarding its own area of authority and responsibility.
- The Committee improves and reviews the Corporate Governance Practices every year or as frequent as required. The Committee makes recommendations to the Board of Directors about changing the Corporate Governance Practices.
- The Committee checks whether the Corporate Governance Principles are implemented or not, and detects the probable conflicts of interests arising out of failure in full compliance with said Principles, and presents suggestions for the solution of this conflicts to the Board of Directors.
- The Committee makes recommendations to the Board of Directors in regards to the structure of committees and number of members of the Board of Directors.
- The Committee performs studies to find and define the people who have enough qualification to be a Board Member and/or who can fill any vacant position in the Board. With the demand from the Board of Directors, the Committee can define people who can be a Board Member/Members in the new term or to fill for a Board Member who leaves before the end of his/her period of office and presents these candidates to the Board of Directors.
- To assess the Board Member candidates the Committee design criteria and update these criteria's regularly. These criteria's are character, honesty, professional experience, reputation, how can they complete the other Directors about professional diversity and areas, the capability to spend enough time for the Board Duties and other criteria which are developed by Board of Directors to assess the candidate's suitability.
- The Committee makes suggestions regarding the appointment of appropriate candidates for other Board of Directors Committees and any vacant positions in the Committees. The Committee makes sure the Committee members fulfill the independency criterion and criteria which are set by the laws, rules and other criteria which are set by the regulations.
- To recommend a Board Member for a re-election the Committee considers his/her participation to past meetings and contributions to the Board of Directors and its Committees.
- The Committee helps the Board of Directors about evaluating the senior managers yearly. This evaluation takes into account the senior manager's performance at work, getting company's long-term strategic goals done and lastly their part in the development of the management system. This evaluation doesn't have to be restricted by the criteria which are mentioned above, but the criteria's other than mentioned above must be an objective criteria.
- At least once in every year, the Committee evaluates its own performance.
- The Committee presents its proposal to the Board of Directors about improving the existing compensation policy about the compensations which the Board Members and senior executives earn by considering the degree of success achieved towards satisfaction of criteria which are defined by the Board of Directors.

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-The Committee analyzes and develops a succession plan for the senior executives and makes recommendations to the Board of Directors about this plan.

The Committee, while trying to find the proper candidates for the Board of Directors;

-Review the CV's of the candidates according to Corporate Governance Principles within the time frame which is written in the regulation. The Committee can ask for any kind of documents or information from the candidates.

-Keeps every information and document which is used in the evaluation of the candidate into the personal file of the candidate.

-Submit its reviews by preparing a reasoned report about its evaluations and opinions whether the candidates are suitable to be a Board Member of the Board of Directors within the adequate time frame. If necessary, the Committee may put the candidates in order.

-If the candidate is suitable for the job, when taking into consideration these criteria, the Committee takes their declaration of independency and put these into the personal file of the candidate.

-The Board of Directors examines the candidates based on the reports and lead to the conclusion about the candidates. This conclusion can be within the Committee's opinion or the Board of Director can ask to the Committee to re-evaluate the candidates, but if the Board of Directors doesn't accept opinions of the Committee even after the re-evaluation, Board of Directors can choose the candidate directly.

-The decision of the Board of Directors might be positive about the recommended candidate, or the decision might be negative within the fair reasons.

6-CHANGES IN REGULATION

If something is going to be changed in this regulation, the Committee submits a proposition about the change in this regulation to the Board of Directors.

This proposition will put on the agenda of the first Board of Directors meeting.

7-ENFORCEMENT

The regulation and changes in this regulation shall enter into force after the approval of the Board of Directors.